

Victorian Co-operative News

Bulletin of the Co-operative Federation of Victoria Ltd

Volume 2 Issue 3

Spring

ICA adopts new co-operative principles

Definition of a Co-operative

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values of Co-operatives

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Co-operative Principles

The co-operative principles are guidelines by which co-operatives put their values into practice.

Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-

Statement of the Co-operative Identity

The 1995 Centenial Congress of the International Co-operative Alliance, held in Manchester in September, has adopted a "Statement of the Co-operative Identity", which includes a definition of a co-operative, the basic values of co-operatives and a new version of the Co-operative Principles.

operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are organised in a democratic manner.

Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

Autonomy and Independence

Co-operatives are autonomous, self help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

Education, Training & Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public, particularly young people and opinion leaders, about the nature and benefits of co-operatives.

Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

Concern for the Community

While focusing on member needs, co-operatives work for the sustainable development of their communities through policies accepted by their members. Ÿ

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MANAGEMENT COURSE

The next Victorian Course for the **Australian Certificate in Co-operative Management** will be held at the Novotel Bayside Hotel, St. Kilda, Melbourne on:

Thursday - Sunday, Oct 26 - 29
Thursday - Sunday, Nov 23 - 26
Thursday - Sunday, Feb 1 - 4, 1996

Registration forms and other details can be obtained from the Centre **(02) 332 4596**, and the Secretary of the Federation **(053) 457 466**.

Director and Management Development Skills

As the official training provider to the co-operative sector in Australia, the Asia Pacific Centre is happy to respond to co-operatives who have particular training needs or wish to combine with other co-operatives to mount training events.

Contact Tim Dyce to discuss your training needs. Tel: **(02) 332 4596**

Annual General Meeting Report

The Co-operative Federation of Victoria Ltd held its 1995 annual general meeting on 27 September, 1995. The meeting was attended by 25 delegates and guests.

The Chairperson, John Gill, highlighted the main achievements of the Federation over the last year;

- Making representations to the Premier of Victoria and Ministers seeking support for a new Act;
- The announcement by the Minister for Fair Trading of a review of the current Co-operation Act;
- Becoming the Australian agent for the sale of co-operative books from the U.K. Plunkett Foundation;
- Participating in the formation of the Co-operatives Council of Australia;
- Implementing an education and

promotion programme; and

- Developing new services for members.

Members approved a special resolution to amend the rules so that co-operatives cease to be members of the Federation for non payment of the annual subscription.

Following an election, the directors for the forthcoming year are:

Ms Miriam Carlson

Chelsea Bayside Rental Housing Co-op

Mr Ken Chester

Consolidated HI Services Co-operative

Ms Jean Evans

Nth Geelong Rental Housing Co-operative

Mr John Gill

Victorian Producers' Co-operative Co

Mr David Griffiths

Co-operative Energy

Mr Bernie Harford

Genetics Australia Co-operative

Mr Vern Hughes

Sth Kingsville Health Services Co-operative

Mr Dan McMullan

Differences between the Board and Management

In the second of a series of articles on Directors duties, Corrs Cambers and Westgarth explain the main differences between the Board and Management.

Board, management and members are responsible for running a Co-operative. While all parts are integral to the harmonious operation of a Co-operative, the roles of each are separate and distinct. A director must understand the role of the Board. To do this properly, a director must also understand the role and province of management and members.

Directors are elected to a political position by the members to guide and plan the present and future of the Co-operative. They are also responsible for implementation and results. If and when adjustments to policy directions are needed, a director needs not only to be totally aware of the Co-operatives internal position and performance, but also where it sits in the world around it and what impact that business world is going to have on policies and direction (Nobel:1).

The role of the Board can be summarised in four key areas:

- **Accountability** - reporting to members; ensuring statutory and regulatory compliance; and reviewing audit reports.

- **Policy Formulation** - guidelines and criteria for decision making; boundaries; approving budgets, and creating a corporate culture.

- **Strategic Analysis** - helicopter view; positioning, trends, and opportunities; setting corporate direction; initiating and reviewing strategic analysis.

- **Supervision** - setting and reviewing management performance criteria; reviewing business results; monitoring budgetary control and undertaking corrective measures, if warranted.

The major difference between Board and Management is that a director must be able to take an objective view of the Co-operative, to look at the Co-operative as a legal entity with a life of its own, separate from the members and managers. This is the helicopter view. Managers must be focused on operational matters such as specific functions or divisions.

Another major responsibility of the Board is to facilitate communication within the Co-operative. As Boards generally meet once a month, directors cannot be expected to have the same detailed knowledge of the Co-operative as management.

A manager is employed by the Board to manage staff, implement Board policies and make the Co-operative perform to expectations within these policies. Management is not responsible to the members for their actions, the Board is. Directors must therefore be aware of those actions.

The main responsibilities of management are:

- To manage and direct daily business activities;
- Set goals and make short-range plans;
- Employ and discharge employees;
- Organise and co-ordinate internal activities of subordinates.

The responsibilities of members are:

- To adopt and amend rules;
- Selection of directors

Co-operatives significant says Minister

Co-operatives play a significant role in Victoria's economy, the Minister for Agriculture, Bill McGrath, told the Federation's AGM dinner.

The Minister referred to a recent Business Review Weekly survey of the top 500 Australian corporations. "Nine Victorian agricultural co-operatives were listed," he said. "These co-operatives are very significant, employing over 5500 and most are major exporters".

"Co-operatives give farmers purchasing and marketing power, and makes farms more viable and competitive in the market place".

"For co-operatives to meet the challenges of the future, they must have a clear commercial focus, innovation, service to members and processing the product supplied by members to an increasing world quality standard," he said.

Edited version of the Ministers speech

The population shift from country regions to Melbourne over the past 100 years effected many small communities throughout Victoria.

In my home town of Minyip, the local store was the danger of closing. Its closure would almost have been the death knell of the town. A public meeting formed a co-operative to run the store until a buyer was found.

The co-operative played a key role in keeping a facility in the community, and therefore ultimately was a very key factor in the survival of Minyip.

The dairy industry was also affected by demographic changes and the loss of market share by the policies of the European Community. With new markets in Asia, there are now 8,500 dairy farmers producing 5.5 billion litres of milk, 30% more than in 1972.

The Victorian dairy industry today is very successful, with \$1 billion of dairy exports, being the highest value commodity of all commodities going out of the Port of Melbourne.

What is driving the export success is two major co-operatives, Murray Goulburn and Bonlac Foods, with a contribution from Tatura Milk and Warrnambool Cheese and Butter.

The co-operatives have been very significant in the management and direction of the dairy industry because in many cases, while they have professional management they also have a majority of dairy farmers on the Board's of the co-operatives.

Success depends on a group of people working together with common ideals. In smaller co-operatives, the directors are volunteers, and if they lose their enthusiasm, the co-operative could be in jeopardy.

Members and directors should ensure a degree of professionalism in the executive and within the Board, and have directors that are not only committed to the co-operative, but encourage members with energy to be a future director.

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Top Nine Victorian Co-operatives

Source: Business Review Weekly 31 July 1995

BRW Rank 1995	BRW Rank 1994	CO-OPERATIVE	NET REVENUE Amount (\$m)	% Change	EMPLOYEES	INDUSTRY
11	14	Bonlac Foods	960.0	13.5	2005	Manufacture - Dairy Food
18	18	Murray Goulburn	790.9	19.8	1400	Manufacture - Dairy Food
29	27	Vic Producers' Co-op	498.0	16.3	313	Pastoral Agency
43	39	Pivot Limited	334.7	14.9	700	Manufacture - Fertiliser
141	155	Tatura Milk Products	123.7	17.2	229	Manufacture - Dairy Food
144	148	Ardmona Fruit	121.5	14.4	450	Manufacture - Food
267	240	Warrnambool Cheese	79.5	4.0	125	Manufacture - Dairy Food
374	370	Mildura Co-op Fruit	54.5	9.5	280	Wholesale Trade
386	350	Egg Industry Co-op	53.3	3.5	80	Wholesale Trade

News in brief

New members

The Board of Directors welcomes the following new members of the Federation:

Green Lands Co-operative Ltd
Municipal Association of Victoria
Co-operative Purchasing Scheme Ltd
Southern Energy Co-operative Ltd

Bonlac commendation

Bonlac Foods, the largest Australia producer of dairy products, has received a commendation in the Ernst & Young Large Manufactures Award. The award follows another successful year for the co-operative, with net revenue rising by 13.5% to \$960 million in the 94/95 financial year.

New Plants for Dairy Co-ops

Australia's largest co-operatives, **Bonlac Foods** and **Murray Goulburn** have announced plans for new plants to meet the growing demand for Australian dairy products in Asia.

Bonlac plans to build a \$150 million processing plant at Darnum, near Warragul, which will feature advanced processing methods and environmentally sustainable waste management techniques.

Murray Goulburn Co-operative has signed a joint venture with two leading Japanese companies to build a \$44 million plant in Cobram. The plant will create 100 new jobs and will provide raw materials for the manufacture and export of infant formulas to Asia.

Support for electric co-ops

The Treasurer of Victoria, Alan Stockdale, has assured the Federation that the Government has no policy objections to the formation of electricity buying co-operatives.

The Federation sought clarification from The Treasurer following remarks on co-operatives attributed to his spokesperson in a recent edition of Electricity Week.

A new Act of the Way?

The Minister for Agriculture has told members at the Federation's Annual Dinner that a new Co-operatives Act may be introduced into State Parliament next year. The Federation understands that work on the act will begin

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Opinions expressed in the Victorian Co-operative News do not necessarily reflect those of the Co-operative Federation of Victoria Ltd.

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Your Federation at Work

Community Co-ops Seminar

The seminar, held on 22 September, was a great success with 72 directors and members from 39 co-operatives attending. The topics covered the role of the Board, planning, budgeting and financial reporting and member relations.

The Federation wishes to thank Corrs Chambers Westgarth, Common Equity Housing Finance Ltd and the following members of the Federation for their assistance; Asia Pacific Co-operative Training Centre, Community Enterprise Network Co-operative and Urban Camp (Melbourne) Co-operative.

Telephone Savings Scheme

The Federation has enlisted the expertise and buying power of Advanced Long Distance (ALD) Communications to provide savings to members and their members on business and residential telephone calls and business line rentals.

ALD Communications has a track record with other industry associations, and provides discounts from both Optus and Telecom. The scheme is available to financial members of the Federation and their members.

For an application form, contact Tony Gill on (053) 457 466.

Victorian Regulator-General

The Federation has accepted an invitation to be on a working party of the Office of the Regulator-General, the agency overseeing the restructure of Victoria's electricity industry.

The Office has expressed interest in co-operatives to achieve savings for small electricity consumers. The Federation has offered to assist the Office in exploring options for electric co-operatives.

Income Tax Act to be simplified

The Federation is now on the mailing list of the Tax Office to receive Exposure Drafts on proposed changes to tax law.

The Australian Government is currently undertaking a project to simplify the income tax law. The project aims to rewrite the law with a better structure and make it easier to understand.

The Federation will be able to comment on the Exposure Draft affecting co-operatives and mutual societies.

Co-operative education in schools

The Federation is looking into the extent of information on co-operatives in the State's education system. Funds have been set aside to produce co-operative resources for schools, if needed.

Do you find it hard to make the time to do the Co-op's books?

Are your financial reports to your Board inadequate or HARD to understand?

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